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SURFACE TRANSPORTATION BOARD

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OF COUNSEL
URBAN A. LESTER

September 1, 2006

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of (Collateral) Assignment of Lease, entered into as of August 18, 2006, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Schedule #13 to Full Service Master Lease Agreement being filed with the Board under Recordation Number _____.

The names and addresses of the parties to the enclosed document are:

Assignee: Partners Bank
1 Ginger Creek Meadows
Glen Carbon, IL 62034

Assignor: Midwest Railcar Corporation
4949 Autumn Oaks Drive
Maryville, IL 62062

Mr. Vernon A. Williams
September 1, 2006
Page 2

A description of the railroad equipment covered by the enclosed document is:

50 covered hopper railcars: MWCX 300048 – MWCX 300097.

A short summary of the document to appear in the index is:

Memorandum of (Collateral) Assignment of Lease.

Also enclosed is a check in the amount of \$34.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. Alvord', with a long horizontal flourish extending to the right.

Robert W. Alvord

RWA/sem
Enclosures

RECORDATION NO. 26537-B FILED
SEP 01 '06 12:34 PM
SURFACE TRANSPORTATION BOARD

**MEMORANDUM OF (COLLATERAL) ASSIGNMENT
OF LEASE**

BETWEEN

**PARTNERS BANK
("BANK")**

AND

**MIDWEST RAILCAR CORPORATION
("ASSIGNOR")**

AUGUST 18, 2006

This Memorandum of Assignment of Lease is hereby entered into as of this 18th day of August, 2006 by and between Partners Bank, an Illinois corporation ("Bank"), and Midwest Railcar Corporation, an Illinois corporation ("Assignor").

W I T N E S S E T H:

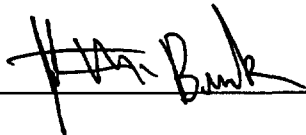
The Assignor hereby assigns, transfers and sets over unto Bank, all of the Assignor's right, title and interest in (but not its obligations) and to the lease of Fifty (50) 3,010 c.f., 100-ton covered hopper railcars with 163,000 lb GRL, two pockets with two gates per pocket and round hatches, built in 1972, more specifically identified by Reporting Marks: MWCX 300048 – MWCX 300097, inclusive as evidenced by that certain Schedule #13 dated effective March 1, 2006 which incorporates by reference that Full Service Master Lease Agreement dated effective December 11, 2003 by and between Assignor (as Lessor) and Badger Mining Corporation, a Wisconsin Corporation (as Lessee), and any other Exhibits or Schedules thereto (together, the Lease") and all rents and other sums due thereunder, and all proceeds therefrom with respect to those certain railcars identified on the attached Schedule "A" hereto (the "Railcars"), and all rents, renewal rents, proceeds of settlement for the Railcars which are lost, destroyed or damaged beyond repair and all other sums due and to become due under and pursuant to or by reason of the Lease, including but not limited to, the payment of any purchase option price paid by the Lessee pursuant to the Lease, as well as any and all subleases of the Railcars.

This Assignment is given and intended as continuing collateral for the payment of the indebtedness of the Assignor (as "Grantor") to Bank (as "Lender") as provided for in the Commercial Security Agreement dated August 18, 2006 (the "Agreement"), including but not limited to any and all promissory notes executed thereunder (the "Promissory Notes"), including any and all interest thereon and expenses therefor and any and all extensions and/or renewals of the referenced indebtedness, whether such indebtedness shall at any time or from time to time have been reduced or paid in full and thereafter increased or reincurred, and no renewal of, or extension of time of payment of the subject indebtedness or any part thereof, and no agreement not to sue or release or discharge of any persons liable therefor or thereon, or release or exchange of other collateral or any act or thing whatsoever shall diminish, discharge, impair or affect this Assignment or the security afforded hereby, save payment in full by the Assignor to Bank of any and all indebtedness of the Assignor to Bank arising under the Agreement and the Promissory Note, while no default exists under any of the other provisions thereof. If such payment in full is made by the Assignor while no such default exists or if any such payment in full is made while any default exists and all such defaults are subsequently corrected by the Assignor, the Assignor shall be entitled to have this Assignment discharged.

Capitalized terms not defined herein shall have the meanings ascribed to them in the Agreement. This Memorandum of Assignment of Lease may be executed in any number of counterparts, each executed counterpart constituting an original but together only one memorandum of Assignment of Lease.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by there respective corporate officers as of the date and year first above written.

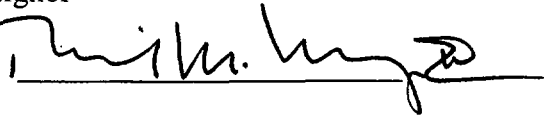
PARTNERS BANK
as Bank

By: 

Name: Justin M. Burk

Title: Assistant Vice President

MIDWEST RAILCAR CORPORATION
as Assignor

By: 

Name: Richard M. Murphy, III

Title: President & CEO

STATE OF ILLINOIS)
) ss.
COUNTY OF MADISON)

On this 18th day of August 2006, before me personally appeared JUSTIN M. BURK, to me personally known, who being by me duly sworn, says that he is the ASSISTANT VICE PRESIDENT of PARTNERS BANK, that the foregoing instrument was signed on behalf of said national banking association, and he acknowledged that the execution of the said instrument was his free act and deed.

NOTARY PUBLIC: Marilyn S. Warren

My commission expires: 1-22-2010

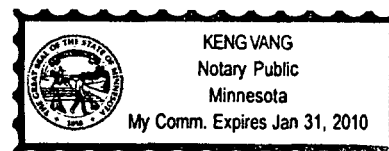


STATE OF Minnesota)
) ss.
COUNTY OF Hennepin)

On this 17 day of August 2006, before me personally appeared RICHARD M. MURPHY, III, to me personally known, who being by me duly sworn, says that he is the PRESIDENT & CEO of MIDWEST RAILCAR CORPORATION, that the foregoing instrument was signed on behalf of said limited liability company, and he acknowledged that the execution of the said instrument was his free act and deed.

NOTARY PUBLIC: [Signature]

My commission expires: Jan 31, 2010



SCHEDULE "A"
To Memorandum of Assignment of Lease
SCHEDULE OF RAILCARS
One Page
Written Number (Number in Numeric) Units

SCHEDULE OF RAILCARS

Fifty (50) 3,010 c.f., Pullman Standard built in 1972, 100-ton Carbon Steel, Two Compartment Round Hatch with gravity gate, Covered Hopper Cars, bearing the reporting marks and numbers:

MWCX 300048 – MWCX 300097, inclusive